

## **MAINTENANCE LEVEL 2**

### **M2-MH HCA Financial Support to Health Benefit Exchange**

#### **RECOMMENDATION SUMMARY TEXT**

The Health Care Authority (HCA) requests 0.7 FTE and \$158,000 (\$79,000 GF-State) in the 2016 Supplemental to support the HCA's growing role to support the Washington Health Benefit Exchange (HBE) financial activities.

#### **PACKAGE DESCRIPTION**

Since the startup of the HBE's Healthplanfinder (HPF) eligibility and enrollment system, the HCA has had the responsibility of administering the Health Benefit Exchange Account (Fund 17T) which was established by the legislature to pay HBE operational expenses. Initially, the HCA's role as administrator was based on the assumption that Fund 17T dollars paid to the HBE would operate as a "pass through", with the HCA limited to assuring proper accounting for the payments to the HBE.

With the transition of the HBE to an "operational" status after the successful implementation of the HPF, and with the ensuing allocation of operational costs related to Medicaid eligibility services provided by the HPF, the HCA's role has changed to that of having primary responsibility for assuring all HBE spending remains within approved appropriations. The HCA is required to ensure that the HBE continues to meet Medicaid requirements for receiving enhanced federal reimbursement.

The growing complexity of Fund 17T administration, the task of active oversight of cost allocated HBE activities as the Single State Agency for Medicaid, coupled with the time-intensive invoicing activities stemming from the HBE billings for operational costs, has created additional work for HCA staff. Presently, the HCA uses existing accounting and finance staff resources to meet all of the needed record keeping, review, communications, and payment activities associated with this additional workload. These activities involve review of invoice documents from the HBE that typically include hundreds of pages of detailed receipts and other information documenting payments made by the HBE to; vendors, for staffing, facilities, information technology services, and other expenses. For costs that are being allocated to Medicaid, the HCA must also review the data and methodology applied by the HBE in apportioning costs to the proper federal financial participation (FFP). The HCA must also track these cost allocated reimbursements against the federally approved budget levels for the various activities (call center, HPF operations, printing and postage, HBE staff time, etc.). This tracking assures that HBE expenditures do not exceed the amounts authorized by the federal government, preventing the potential disallowance of HCA claims for FFP.

An additional financial services FTE is needed to address this added workload to help the HCA meet its expanded role as administering agency for Fund 17T and to assure the proper claiming for enhanced federal funding available for HBE operations.

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## FISCAL DETAILS/OBJECTS OF EXPENDITURE

|  | FY 2016          | FY 2017           | Total             |
|--|------------------|-------------------|-------------------|
| <b>1. Operating Expenditures:</b>        |                  |                   |                   |
| Fund 001-1 GF-State                      | \$ 23,000        | \$ 56,000         | \$ 79,000         |
| Fund 001-C GF-Federal Medicaid Title XIX | \$ 23,000        | \$ 56,000         | \$ 79,000         |
| <b>Total</b>                             | <b>\$ 46,000</b> | <b>\$ 112,000</b> | <b>\$ 158,000</b> |
|  |                  |                   |                   |
|  | FY 2016          | FY 2017           | Total             |
| <b>2. Staffing:</b>                      |                  |                   |                   |
| Total FTEs                               | 0.3              | 1.0               | 0.7               |
|  |                  |                   |                   |
|  | FY 2016          | FY 2017           | Total             |
| <b>3. Objects of Expenditure:</b>        |                  |                   |                   |
| A - Salaries And Wages                   | \$ 18,000        | \$ 72,000         | \$ 90,000         |
| B - Employee Benefits                    | \$ 14,000        | \$ 25,000         | \$ 39,000         |
| C - Personal Service Contracts           | \$ -             | \$ -              | \$ -              |
| E - Goods And Services                   | \$ 4,000         | \$ 14,000         | \$ 18,000         |
| G - Travel                               | \$ 1,000         | \$ 1,000          | \$ 2,000          |
| J - Capital Outlays                      | \$ 9,000         | \$ -              | \$ 9,000          |
| N - Grants, Benefits & Client Services   | \$ -             | \$ -              | \$ -              |
| Other (specify) -                        | \$ -             | \$ -              | \$ -              |
| <b>Total</b>                             | <b>\$ 46,000</b> | <b>\$ 112,000</b> | <b>\$ 158,000</b> |
|  |                  |                   |                   |
|  | FY 2016          | FY 2017           | Total             |
| <b>4. Revenue:</b>                       |                  |                   |                   |
| Fund 001-C GF-Federal Medicaid Title XIX | \$ 23,000        | \$ 56,000         | \$ 79,000         |
| <b>Total</b>                             | <b>\$ 23,000</b> | <b>\$ 56,000</b>  | <b>\$ 79,000</b>  |

## NARRATIVE JUSTIFICATION

### WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

This additional staff will help assure that payments to the HBE by the HCA are timely and accurate, will help establish and improve processes used to manage invoicing and payment activities, ensure regular reporting of expenditures as compared to budgeted amounts for related stakeholders, and reduce the risk of future federal disallowances and/or audit exceptions.

### PERFORMANCE MEASURE DETAIL

#### Activity Inventory

H001 HCA Administration

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**IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?**

Yes. The state relies upon the Washington Health Benefit Exchange to provide access to health coverage for Washingtonians that may currently have no access to affordable health care and helps assure continued coverage for individuals that are currently eligible under modified-adjusted-gross-income rules. This request will assist the HCA in supporting the HBE as it strives to achieve its mission to create a healthier Washington.

**DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?**

Yes. The HBE's success in operating the Healthplanfinder system facilitates access to health coverage by Washington residents. Making certain the costs associated with HBE's operations are met in timely and accurate manner supports this success, directly contributing to the Governor's Results Washington goal of healthy and safe communities.

**WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?**

The FTE and related activities funded through this request are a key part to assuring the integrity of financial activities essential to continued success in implementing the Affordable Care Act in our state. The Legislature, stakeholders and the public have a vested interest in ensuring that residents of Washington State are able to seek coverage through a reliable HPF system and can depend on other HPF provided services. Timely and accurate payments to the HBE for HPF systems costs, and other HBE operating expenses helps assure continued access to needed health coverage.

**WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?**

The HCA has already tried to fill this growing workload demand by using existing accounting and finance staff. Rededicating staff in such a manner decreases the quality and timeliness of work in other core functions.

**WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?**

Without this FTE and related funding, the HCA runs an increased risk of audit exceptions, missed reporting deadlines, missed opportunities for accessing enhanced federal funding, and potential disallowance of federal claims for this activity. In addition, the inability to engage in proper oversight can lead to budget overruns or delays in processing HBE billings.

**WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?**

None

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**WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?**

None

**EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS**

**REVENUE CALCULATIONS AND ASSUMPTIONS:**

Revenue related to this FTE staff is assumed at a standard 50 percent federal matching rate.

**EXPENDITURE CALCULATIONS AND ASSUMPTIONS:**

Costs identified for staff, workstation establishment and estimates for building rent, computer leasing and other goods and services are based on an average per FTE. The HCA further assumes that new staff would not be hired until April 1, 2016.

**DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:**

These costs are ongoing with the exception of \$9,000 in assumed equipment expenses in the first fiscal year.

**BUDGET IMPACTS IN FUTURE BIENNIA:**

All costs except equipment are ongoing and will continue into future periods.